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IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 767

JULIUS HYMAN,

Petitioner,

vs.

VELSICOL CORPORATION,

Respondent.

ANSWER TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

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OCTOBER TERM, 1949.

No. 767.

JULIUS HYMAN,

Petitioner,

vs.

VELSICOL CORPORATION,

Respondent.

ANSWER TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable, The Chief Justice of The United States and The Associate Justices of The Supreme Court of The United States:

Velsicol Corporation, respondent, presents this answer to the petition of Julius Hyman for writ of certiorari to the Supreme Court of Illinois.

The case presented to this Honorable Court by the petition is not the case presented to the Illinois courts. The attempt of petitioner is to frame new issues to give this Court jurisdiction to review the judgment of the Illinois Supreme Court.

OPINION BELOW.

The opinion of the Supreme Court of Illinois is officially published at page 352 of Volume 405 of its reports. It also appears in 90 N. E. 2d 717.

JURISDICTIONAL REQUISITE LACKING.

No question is presented by the record in this case which this Court will review. The validity of a treaty, statute of the United States or statute of Illinois is not drawn in question in this case nor is there involved any title, right, privilege or immunity set up or claimed under the Constitution, treaties or statutes of the United States. The conditions for review by certiorari of a decision of a court of last resort of a state prescribed by Section 1257(3) of Title 18, United States Code, are absent.

The case here is a suit in equity by Velsicol Corporation, respondent, for relief from invasion by Julius Hyman, petitioner, of respondent's property rights in certain trade secrets and inventions and patent applications relating thereto. The basis for relief stated in the complaint is two-fold. It is alleged that respondent is entitled to a decree by reason of a written agreement executed and delivered to respondent by petitioner providing that in consideration of his employment by respondent and of the salary paid to him from time to time, all discoveries and inventions made by him in the course of his employment and all patent rights in relation thereto would be the absolute property of respondent, and that he would keep secret for the sole use of respondent, during and after the time of

his employment, all discoveries and inventions made by him and all formulas or processes disclosed to him or learned by him while in the employ of respondent. The form of agreement signed by petitioner is quoted in full in the opinion of the Supreme Court of Illinois. (R. 289-290.) It was also alleged that respondent is entitled to relief by reason of the rights and obligations arising, under well-established and oft-repeated principles of equity jurisprudence, out of the relations of the parties and the course of their dealings with each other over a period of fifteen years, and that petitioner's fiduciary relations with respondent barred him from taking a position adverse to respondent with respect to the ownership of the "Velsicol 1068" patent applications here in dispute and the inventions which they cover. (R. 1-20.) The Supreme Court of Illinois held that respondent was entitled to recover under either or both theories. (R. 298.)

This Court described the situation at bar perfectly when it said in *Murdock* v. *City of Memphis*, 20 Wallace 590, 638:

> "The claim of right here set up is one to be determined by the general principles of equity jurisprudence, and is unaffected by anything found in the Constitution, laws, or treaties of the United States. Whether decided well or otherwise by the State court, we have no authority to inquire."

Petitioner did not by his answer to the complaint in the Superior Court of Cook County, Illinois, present any defense under the Constitution or statutes of the United States. His answer admitted the facts showing the relations of the parties and his course of conduct as the director of research in respondent's laboratories and the general manager of respondent's business and affairs, but he denied that he had expressly agreed to protect plaintiff in its property rights in discoveries and inventions made by him in the course of his employment and to assign pat-

ent applications relating thereto, and he denied that he was under obligation to assign the patent applications here in dispute by reason of his position of trust and confidence and his course of dealing with respondent. (R. 20-35.) In his exceptions to the Master's report petitioner did not suggest that the findings against him impaired any statutory or constitutional right, state or federal. (R. 46-57.) The opinion of the chancellor on the hearing (R. 84-95) and on the rehearing (R. 96-99) does not disclose that any questions were presented for decision except questions to be determined by general principles of equity jurisprudence. The Supreme Court of Illinois will not consider a constitutional question where it does not appear affirmatively from the record that the question was presented to and decided by the trial court. *People* v. *Board of Education*, 399 Ill. 204, 210; *Zelney* v. *Murphy*, 387 Ill. 492, 496.

By his notice of appeal to the Appellate Court of Illinois from the decree of the Superior Court, petitioner presented no question arising under the Constitution, treaties or statutes of the United States. (R. 82-83.) By appealing to the Appellate Court he waived any constitutional question that might have been presented on the record. *People* v. *Parker*, 396 Ill. 583, aff'd 333 U. S. 571; *City of Edwardsville* v. *Central Union Telephone Co.*, 309 Ill. 482, aff'd 269 U. S. 190.

The opinion of the Supreme Court of Illinois shows clearly that no federal question was presented for decision by the brief of petitioner in that Court. (R. 285-298.) Petitioner sought by his petition for rehearing in the Supreme Court of Illinois to present for the first time the question that the decree of the Superior Court had deprived him of his liberty and property without due process of law in violation of Amendment XIV of the Constitution of the United States and that the decree requiring petitioner to assign to respondent the patent applications here in dis-

pute contravenes the patent clause of the Constitution and the patent statutes of the United States. (R. 303-304.) Questions raised for the first time in a petition for rehearing will not be considered by the Supreme Court of Illinois. *Hamann* v. *Lawrence*, 354 Ill. 197, 207; *Gaines* v. *Williams*, 146 Ill. 450, 459.

It is settled law that this Court will not review a judgment of a state court except where the record shows affirmatively that a federal question was raised by the pleadings or on the trial, and was presented to the state court for decision, and was actually decided or that the judgment as rendered could not have been given without deciding it. (*Honeyman* v. *Hanan*, 300 U. S. 14, 18; *Hulbert* v. *Chicago*, 202 U. S. 275, 279; *Jacobi* v. *Alabama*, 187 U. S. 133, 135.) The observation of this Court in the *Honeyman* case, "In the entire progress of the cause to this point of determination by the highest court of the State, the record discloses no reference to a federal question", describes the situation at bar.

This record shows clearly that the decisions of the Illinois courts, from the trial court to the Supreme Court, rested solely on independent state grounds. Where this is the state of the record this Court will not review the judgment of a state court. *Herb* v. *Pitcairn*, 324 U. S. 117, 125; *Southwestern Bell Telephone Co.* v. *Oklahoma*, 303 U. S. 206, 212; *Lynch* v. *New York*, 293 U. S. 52, 54; *Enterprise Irrigation District* v. *Canal Co.*, 243 U. S. 157, 163-5; *Brown* v. *Atwell*, 92 U. S. 327, 329; *Klinger* v. *Missouri*, 13 Wall. 257-262; *Crowell* v. *Randall*, 10 Peters, 368, 391.

In the *Herb* case this Court said (324 U. S. 125):

> "This Court from the time of its foundation has adhered to the principle that it will not review judgments of state courts that rest on adequate and independent state grounds. [Authorities.] The reason is so obvious that it has rarely been thought to warrant

statement. It is found in the partitioning of power between the state and federal judicial systems and in the limitations of our own jurisdiction. Our only power over state judgments is to correct them to the extent that they incorrectly adjudge federal rights. And our power is to correct wrong judgments, not to revise opinions".

In the *Southwestern Bell Telephone Company* case this Court said (303 U. S. 212):

> "We have repeatedly held that it is essential to the jurisdiction of this Court in reviewing a decision of a court of a State that it must appear affirmatively from the record, not only that a federal question was presented for decision to the highest court of the State having jurisdiction but that its decision of the federal question was necessary to the determination of the cause; that the federal question was actually decided or that the judgment as rendered could not have been given without deciding it."

The belated attempt to raise a federal question on a petition for rehearing in the Supreme Court of Illinois, even if the question could have been presented for decision at that point, would not be sufficient to give this Court jurisdiction for review. In *Brown* v. *Atwell*, 92 U. S. 327, which involved questions pertaining to the ownership of a patent, it was attempted to patch up the record by getting a certificate of the Court of Appeals of New York to the effect that application of the patent statute was involved, and this Court held that the decision of the state court rested independently upon the application of principles of general law and not of patent law alone, saying (p. 329):

> "We have often decided that it is not enough to give us jurisdiction over the judgments of the State courts for the record to show that a Federal question was argued or presented to that court for decision. It must appear that its decision was necessary to the determination of the cause, and that it was actually

decided, or that the judgment as rendered could not have been given without deciding it."

It appears clear that this Court is without authority to review the judgment of the Supreme Court of Illinois and that the petition should be dismissed on that ground.

STATEMENT OF THE CASE.

This Court is entitled to an honest and intelligible statement of a case presented to it for review. Petitioner's statement is incomplete, inaccurate and misleading.

Respondent was organized under the laws of Illinois in January, 1931, to invent, develop, produce and market chemicals of all kinds. (R. 106.) It has now and has always had three stockholders,—Julius Hyman, Arvey Corporation and Transo Envelope Company. Joseph Regenstein, the president of respondent, is not and has never been a stockholder. Julius Hyman, petitioner, was a director and vice president and the day to day operations of respondent were under his exclusive direction and control from the time of its organization until he voluntarily resigned in September, 1946. (R. 110, 154, 180, 257.) The relations of the parties were stated by petitioner in a verified application to the Salary Stabilization Unit of the Treasury Department in February, 1944, which is quoted by the Illinois Supreme Court. (R. 293-294.)

In seeking financial aid in the establishment of a research laboratory for conducting research and experiments in the field of chemistry, petitioner represented to the officers of Arvey and Transo that the field for chemical research with relation to petroleum refining by-products was wide open and that there were great possibilities for developing commercial uses for these by-products. (R. 152, 178.) One

of the conditions of the financing of this speculative venture was that all employees of the corporation to be formed would be required to sign an agreement of the character petitioner had signed when he worked for Transo in its laboratory in 1926, which would protect respondent in its property rights in all discoveries and inventions made in the course of the employment. (R. 179-180.) All employees of respondent, including petitioner, signed such an agreement. (R. 155, 181, 192, 246, 298.) The agreement signed by the first research chemists employed, including petitioner, is set forth in the opinion of the Illinois Supreme Court (R. 289), as well as the agreement signed by petitioner at the same time with Transo. (R. 288.) The agreements between respondent and its employees were under the control of the petitioner in the offices of respondent. (R. 132, 207.) After petitioner resigned, the agreement between him and respondent could not be found. (R. 184.)

When respondent was organized it was contemplated that it would license the use of its processes and products (R. 152), and it was not contemplated that it would do any manufacturing. (R. 157, 192.) During the first six years of its existence its activities were confined to research and experimentation. (R. 118, 256.) In 1936 a manufacturing plant was erected to produce for market solvents, saturants, resins, insecticides and other products of hydrocarbon oils, some of which were covered by respondent's patents. (R. 119.) Arvey and Transo furnished the money to meet operating deficits and capital outlays. At the end of 1939 respondent owed its majority stockholders in excess of a half million dollars. (R. 120, 158, 173.) Annual operating deficits continued until 1942. (R. 226.) During the war years respondent began to show some profit. At the end of 1945 it had accumulated, according to its books, an earned surplus of $162,388.37. (Def. Ex. 18.) During all of the period while the majority stockholders were advancing the

large sums of money to meet respondent's operating deficits petitioner's salary was increased from year to year (R. 126) until he was paid, in 1946 when he resigned, at the annual rate of $31,200. (R. 247.)

The laboratory staff of respondent was increased from time to time under the direction of petitioner until there were employed by respondent in its laboratory in excess of fifty research chemists, chemical engineers, technicians and other personnel (R. 127), and respondent was expending annually in excess of $200,000 in the maintenance and operation of its research laboratory. (R. 7, 25.) From time to time discoveries and inventions were made by respondent's laboratory employees and applications for letters patent were filed covering these discoveries and inventions. (R. 10-14.) Thirty-nine of the applications filed prior to July, 1945, were filed by the petitioner as the inventor (R. 116-117, 121-122) and one by petitioner and Peters as co-inventors. (R. 123.) In every instance, from the organization of respondent to July, 1945, an assignment to respondent of the application was executed by the applicant at the same time he signed the application (R. 12-13) and these assignments were duly recorded in the Patent Office and then were returned to petitioner as the executive head of respondent, together with a conformed copy of the patent application, for safekeeping. (R. 196, 251.)

The petitioner had complete and exclusive control of the preparation, filing and assigning of patent applications throughout the period of his employment by respondent and he was the only person financially interested in respondent who had any contact with respondent's patent attorney with respect to inventions and applications for patents (R. 130, 195, 251) and the only person financially interested in respondent who had any knowledge of chemistry. (R. 126, 179, 188, 192.) Eight of the forty patent applications which petitioner assigned to respondent in the

period August, 1931, to July, 1945, covered insecticides. (R. 12-13.)

Between August, 1944, and March, 1945, extensive research was conducted in respondent's laboratory relating to cyclopentadiene reactions, and in the course of this work a new composition of matter not previously known was discovered. (R. 137, 210.) This product was known as "237", its laboratory number. March 2, 1945, an application for United States letters patent was executed by Herzfeld, Lidov and Bluestone, research chemists employed by respondent, and the application was immediately assigned to respondent. (R. 210.) This application was filed March 5, 1945, as Serial No. 581172. Thereafter, on January 5, 1946, a broadened application, Serial No. 639416, was filed by the same chemists as co-inventors and it was duly assigned to respondent. (R. 199.)

Petitioner, as executive vice president, knew of the discoveries covered by these applications, of the preparation and filing of the applications, and of their assignment to respondent. (R. 140.) His knowledge of this composition of matter, of its probable utility as an insecticide, and of the method of producing it was acquired by him from respondent's employees in the course of his employment as the operating head of respondent. (R. 137, 197, 210.) He was constantly advised of the progress of the research. (Pltf. Exs. 74 to 81.) It was after "237" was discovered that the course of conduct was commenced by petitioner which resulted in this litigation.

The testing of "237" showed that it was effective as an insecticide but that it was too volatile for practical purposes, and petitioner, as was his duty, directed further research in respondent's laboratory for the purpose of stabilizing the product and making it more useful and effective. (R. 136, 253.) At the suggestion of petitioner, "237" was chlorinated and its toxicity and stability were

greatly increased. The empirical formula of "237" is $C_{10}H_8Cl_6$. The empirical formula of the chlorinated product is $C_{10}H_6Cl_8$, and the product became known as "1068", which is the combination of the sub-numerals of the formula. (R. 137-138.) As the inventor, petitioner filed an application for United States letters patent July 25, 1945, Serial No. 607078, covering this new composition of matter "1068". (R. 137, 197.) A second application with broadened terms, was filed January 26, 1946, as Serial No. 643759, and a third and a fourth related application February 16, 1946, as Serial Nos. 648204 and 648205. (R. 140, 199.) These Hyman applications covering "1068", which are the applications here in dispute, make specific reference to the Herzfeld-Lidov-Bluestone applications covering "237" by serial numbers, filing dates and the names of the inventors. (R. 199.) Under petitioner's directions the trade-mark "Velsicol" and the trade-mark "1068" were registered and the new insecticide was advertised and became known in the trade as "Velsicol 1068". (R. 242.) Respondent, under petitioner's directions, expended in excess of $150,000 in testing, proving, developing and advertising the new insecticides and in preparation to manufacture them. (R. 142.)

Petitioner immediately after his resignation in September, 1946, began the organization of a new company to produce insecticides by respondent's formulas and methods and in November Julius Hyman & Company was organized. Shortly thereafter it leased a plant and began operations near Denver, Colorado. (R. 100.) At the time of his resignation petitioner made an announcement to the laboratory staff of respondent designed to cause and which did cause dissension and disloyalty. (R. 127, 212, 253.) He admits that he personally solicited some of respondent's employees to leave it and join him in competition with it. (R. 133.) Many of respondent's key employees, including those who had intimate knowledge of the se-

crets of the insecticides covered by the applications and of the methods of manufacturing these insecticides, and the consultants who had been retained by respondent in testing and exploiting these insecticides, yielded to these solicitations by petitioner and his confederates and joined Julius Hyman & Company. (R. 127, 132, 184, 252.)

This brief summary of the facts shows beyond point of dispute that the claim of right asserted by respondent and denied by petitioner is one to be determined by the general principles of equity jurisprudence and is unaffected by anything found in the Constitution, statutes or treaties of the United States.

QUESTIONS PRESENTED.

All of the "questions presented" rest on the unsupported assumption that the applications for United States letters patent here involved are void and this assumption in turn rests upon the false claim that the Supreme Court of Illinois found and determined that petitioner is not the sole inventor of "1068".

The complaint alleges and the answer admits that Julius Hyman, petitioner, is the inventor of "1068" and that he is the proper party applicant for letters patent. The case was tried on the theory that these were valid applications and that petitioner had legal title to them. The issue was whether petitioner held these applications in trust for respondent and was bound by contract and by his fiduciary relations with respondent to assign these applications to respondent. As petitioner stated in his exceptions to the Master's report (R. 55), "Plaintiff's cause of action necessarily admits Hyman to be the inventor of the inventions covered by said Hyman applications. The jurisdic-

tion of this Court extends only to the determination of the ownership of said Hyman applications". This has been the position of both parties throughout the course of this litigation and there has never been any issue as to inventorship. The Supreme Court of Illinois had no jurisdiction to determine the question of inventorship nor of patent validity and it made no attempt to determine it. Petitioner distorts the language used in one sentence of the opinion in an effort to frame a case which this Court will review.

The sentence lifted out of context follows a paragraph in which the Supreme Court of Illinois states the history of the discovery of "1068" (R. 294), and when the facts are considered it becomes clear that the Court was saying merely that petitioner appropriated the secrets of the "237" discovery in making his "1068" discovery. There is no question that "1068" is a new composition of matter nor is there any question that "237" is a component part of "1068". When chlorine atoms were added to the compound $C_{10}H_6Cl_6$, as suggested by petitioner, its structure was changed and a new composition of matter with the empirical formula $C_{10}H_6Cl_8$ resulted. The toxicity and stability of "237" was greatly increased by this chemical reaction and a new and valuable insecticide was discovered. Petitioner, Julius Hyman, claimed to be the inventor of "1068" and respondent has never disputed it. When the facts are considered, it is true that several of respondent's research chemists contributed to the discovery of "237", a component of "1068", and that is all the Supreme Court of Illinois meant to say in the criticized sentence.

How a court rules and not how it reasons is what controls. (*Brown* v. *Coon*, 36 Ill. 243, 246; *Cohens* v. *Virginia*, 6 Wheaton 264, 399; *Osaka Shosen Line* v. *United States*, 300 U. S. 98, 103.) The Supreme Court of Illinois ruled that Julius Hyman had legal title to the four applications

here in dispute and that he was bound by contract and by his fiduciary relations with Velsicol Corporation to assign these applications. In reaching this conclusion it decided the only issue before it and it decided that issue by the application of general principles of law and equity. This Court will not undertake to correct the language used by the Supreme Court of Illinois in reaching its decision, even though it disagrees with some of the language. The authority of this Court "is to correct wrong judgments, not to revise opinions". (*Herb* v. *Pitcairn*, 324 U. S. 117, 126.) Where a claim of right is unaffected by anything found in the Constitution, laws or treaties of the United States, this Court has said that it is without power to review the state court decision. "Whether decided well or otherwise by the state court we have no authority to inquire". *Murdock* v. *City of Memphis*, 20 Wallace 590, 638.

"REASONS FOR GRANTING THE WRIT."

The first three "reasons for granting the writ" urged by petitioner rest on the false premise that the Supreme Court of Illinois has held the Hyman patent applications void. We have already demonstrated that there was no such issue in the case presented by the pleadings or by anything that occurred at the trial, that no such question was presented to the Supreme Court of Illinois, and that it did not make any such determination.

The fourth reason assigned rests on the belated attempt to challenge the decree of the Superior Court of Cook County, Illinois, on the ground that it violates some undefined constitutional right of petitioner. No such point was made in the Superior Court nor in the Appellate Court nor in the Supreme Court of Illinois. There was an attempt to make the point in the petition for rehearing in

the Supreme Court of Illinois but this was too late. This Court will not consider a claim arising under the Constitution of the United States which was not presented to the state courts for determination.

The fifth reason assigned is a mere assertion without support in the record. The Illinois Supreme Court did not determine federal questions of any character. No questions resting on the interpretation or application of the Constitution or statutes of the United States were presented to the Supreme Court of Illinois for determination.

BRIEF IN OPPOSITION TO PETITION.

I.

The repeated assertion that "Velsicol 1068" is valued at $4,000,000 to $5,000,000 (pet. pp. 3, 8, 9) is immaterial if it were supported by proof. When the proposition of selling respondent to Sun Chemical Company was being considered, Hyman, petitioner here, asked Regenstein, the president of respondent, whether he would take $4,000,000 in stock of Sun for the whole of respondent, and Regenstein said "I would take it and run." (R. 143.) Hyman expressed the opinion in response to a question by the Master that he valued the invention at $5,000,000, (R. 243) but Regenstein, when pressed for an opinion by the Master, stated that the product was still in the experimental stage, that only a small amount of it had been made and marketed, that it had not been determined what it would cost to produce it and what the demand for it would be, and that while it appeared to have great possibilities its value was still problematical. (R. 244.) Neither of the trial lawyers asked any questions about value. It was not an issue on the trial.

The contention that the Illinois Supreme Court by its decision has confined the manufacture of "Velsicol 1068" to respondent's Illinois plant (pet. pp. 3, 9) is mystifying. If respondent is the owner of the "1068" invention, it has the right to prevent petitioner from competing with it, as the Illinois Supreme Court has determined. Certainly, under the facts in this case and the settled law of the land, petitioner has no right to fraudulently appropriate respondent's secret formulas and processes to his use and benefit and to the use and benefit of his creature, Julius Hyman & Company. *Standard Parts Co.* v. *Peck*, 264 U. S. 52; *Wireless Specialty Co.* v. *Mica Condenser Co.*, 239 Mass. 158.

Muncie Gear Works v. *Outboard, Marine & Mfg. Co.*, 315 U. S. 759, and *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, do not have the slightest application to the situation at bar. These were suits for patent infringement in federal courts and the authority of this Court to grant certiorari to review a decision of a federal court is quite different from the authority of this Court to grant certiorari to review a decision of a state court.

II.

The contention that the Supreme Court of Illinois has usurped the jurisdiction of federal courts has no support in the record, as we have already demonstrated. There was no claim in this case throughout the proceedings in the state courts that petitioner had any title, right, privilege or immunity granted or secured by the Constitution, treaties or statutes of the United States. The claim of petitioner was that he was not under obligation by reason of an express agreement with respondent or by reason of his fiduciary relation to respondent and his course of conduct as executive head of respondent to assign the patent applications here in dispute, and this claim was

of necessity determined by general principles of law and equity.

Anderson v. *Carkins,* 135 U. S. 483, *Nutt* v. *Knut,* 200 U. S. 12, and other cases cited to this point (pet. p. 10), involved claims or defenses based on federal statutes, and the decisions of the cases necessarily involved the validity or application of the statute. Since neither the application nor validity of a federal statute is involved in this case, the cited cases are not in point.

The assertion that foreign patents covering "1068" were issued in 1946 and 1947 (pet. p. 5, 12) and the assertion that the structural and empirical formulas for "1068" were published by the Department of Agriculture (pet. pp. 6, 12) have no support in the record. The document attached as an exhibit to the petition is not in evidence. Even if there were proof of these assertions, petitioner would not be relieved of his obligations to respondent. *Shellmar Products Co.* v. *Allen-Qualley Co.,* 87 F. 2d 104, c. d. 301 U. S. 695; *Hoeltke* v. *C. M. Kemp Mfg. Co.,* 80 F. 2d 912; *Schavoir* v. *American Rebonded Leather Co.,* 104 Conn. 472; *Vulcan Detinning Co.* v. *American Can Co.,* 72 N. J. Eq. 387.

The only disclosures that have been made respecting the "1068" invention have been made by petitioner since he left the employ of respondent and carried away with him its secret formulas and processes and appropriated them to his use and benefit and to the use and benefit of Julius Hyman & Company. (R. 242.) Respondent has scrupulously guarded the secrets of "1068". (R. 112, 179.) Petitioner testified that while he was the executive head of respondent great care was exercised to keep secret not only the formulas but the method of manufacture of "1068". (R. 117, 119.)

Smith & Griggs Mfg. Co. v. *Sprague,* 123 U. S. 249, and other cases cited (pet. p. 12) relate to situations where there was public use of a discovery for a long period prior

to the filing of an application for patent. There are no such facts in the case at bar. There was no disclosure to the public respecting "1068" prior to the filing of the Hyman applications in 1945 and 1946. Since no question has been raised or could be raised in the state courts respecting petitioner's sole inventorship of "1068", all of the argument resting on the premise that some new application must be filed by non-existing co-inventors is knocking down a straw man erected for the purpose.

III.

Kennedy v. *Hazelton*, 128 U. S. 667, applies a rule of law that has been acknowledged and followed throughout the course of this litigation. The respondent, by filing the complaint to compel petitioner to assign the patent applications here in dispute, as well as by the allegations of its complaint, acknowledged that he was the sole inventor of "1068". Petitioner, by his answer and by his exceptions to the Master's report and by his arguments in the Superior Court, the Appellate Court and the Supreme Court of Illinois, maintained that there was no question in the case respecting the inventorship of "1068" or the title to the patent applications which respondent sought to compel petitioner to assign to it by virtue of the obligations arising out of his express agreement and out of his confidential relations with respondent. No federal question was presented in the Illinois courts and the decision of the Supreme Court of Illinois rests solely on independent state grounds.

IV.

There was no contention in the Superior Court of Cook County that the decree entered by that Court violated any constitutional right of petitioner and the Appellate Court of Illinois, to which petitioner took his appeal, had no

jurisdiction to determine a constitutional question, and so none was presented there. In this state of the record, no constitutional question could have been presented to the Supreme Court of Illinois and no such question can be presented to this Court.

Allgeyer v. *Louisiana*, 165 U. S. 578, and *Smith* v. *Texas*, 233 U. S. 630, involved arbitrary legislation respecting freedom of individual action, and in both cases constitutional questions were squarely presented to the state courts and decided by them. These cases have no application to the situation at bar.

It has been uniformly held by this Court and by all courts that have considered the question that one who has acquired knowledge in trust cannot breach the confidence reposed in him, to the injury of the one reposing the confidence, and appropriate the secrets disclosed to him to his own use and benefit. *DuPont De Nemours Powder Co.* v. *Masland*, 244 U. S. 100, 102; *Standard Parts Co.* v. *Peck*, 264 U. S. 52, 59; *Houghton* v. *United States*, 23 F. 2d 386, 390; *Tennessee Copper & Chemical Corp.* v. *Martin*, 4 F. Supp. 38, aff'd. 66 F. 2d 187, c. d. 290 U. S. 683; *New Jersey Zinc Co.* v. *Singmaster*, 4 F. 2d 967, aff'd. 71 F. 2d 277, c. d. 293 U. S. 591; *Davis* v. *Hamlin*, 108 Ill. 39, 45-49; *MacBeth-Evans Glass Co.* v. *Schnelbach*, 239 Pa. 76; *National Development Co.* v. *Gray*, 316 Mass. 240; *Guth* v. *Loft, Inc.*, 23 Del. Ch. 240; *Westervelt* v. *National Paper & Supply Co.*, 154 Ind. 673.

In the *Masland* case this Court said (244 U. S. 102):

> "Whether the plaintiffs have any valuable secret or not the defendant knows the facts, whatever they are, through a special confidence accepted. The property may be denied but the confidence cannot be. Therefore the starting point for the present matter is not property or due process of law, but that the defendant stood in confidential relations with the plaintiffs, or one of them. These have given place to hostility, and the first thing to be made sure of is that the defendant

> shall not fraudulently abuse the trust reposed in him. It is the usual incident of confidential relations. If there is any disadvantage in the fact that he knew the plaintiffs' secrets he must take the burden with the good."

The provisions of the decree restraining petitioner "from using the processes, formulas and products covered by said applications" and "from disclosing said processes, formulas and products to anyone other than plaintiff, and from assigning said applications to or permitting the use of said processes, formulas or products by anyone other than plaintiff, and from using or revealing any processes, formulas or products and methods and technique of manufacture discovered by or made known to him while he was in the employ of plaintiff or which he has learned from any other person now or formerly in the employ of plaintiff" (R. 82), which are challenged by petitioner as an unconstitutional invasion of his liberty, are valid and proper restrictions of his liberty, under the facts in this case, even though the constitutional question had been presented to the Illinois courts and had been determined against him. (*Hulse* v. *Bonsack Machine Co.*, 65 Fed. 864, 868; *Paley* v. *DuPont Rayon Co.*, 71 F. 2d 856, 858; *O. & W. Thum Co.* v. *Tloczynski*, 114 Mich. 149.) The Illinois Supreme Court held that the agreement petitioner signed is equitable and enforcible. (R. 296.)

Certainly the language employed in the decree refers only to the secret processes, formulas and products which are covered by petitioner's express agreement with respondent. Petitioner is restrained only from taking and appropriating to his use and benefit the property of respondent. His liberty to employ his general knowledge and experience is in nowise restricted. The fanciful afterthought which petitioner seeks to present here has no support in the record nor in any authority cited by petitioner.

Conclusion.

Petitioner, by attempting to get this case reviewed in this Court, is seeking to delay a decision in this case and in a case pending in the District Court of the City and County of Denver, Colorado, where a decree has been entered enjoining Julius Hyman & Company and certain individual defendants, including petitioner here, from appropriating the "1068" secrets to their use and benefit.

The Supreme Court of Illinois has not decided a federal question of substance nor has it decided a case not in accord with the applicable decisions of this Court. The decision of that Court rests on adequate and independent state grounds and under the decisions of this Court there is no authority for further review.

Velsicol Corporation, respondent, prays that this petition may be dismissed or denied for the reasons stated in this answer.

Respectfully submitted,

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